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DEPARTMENT FOR AF, AF/E AND AF/EP
LONDON, PARIS, ROME FOR AFRICA WATCHER

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TAGS: [EINV](#) [ECPS](#) [EINT](#) [ET](#) [DJ](#) [CH](#) [SU](#) [XW](#)
SUBJECT: ETHIOPIA: LAYING GROUNDWORK FOR DEVELOPMENT
THROUGH FIBER OPTICS

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1. (SBU) SUMMARY: On April 27, Minister of Transportation and Communication Juneidi Sado and State Minister Getachew Mengiste met with Ambassador and poloff to discuss the state of Ethiopia's information and communications technology (ICT) infrastructure and capacity building. Minister Juneidi said Ethiopia had agreed to purchase 14,000 kilometers of fiber optic cable from a Chinese vendor, possibly the largest project of its sort in Africa. Juneidi said three years of negotiations with Djibouti to connect to the Internet backbone had not been productive, as Djibouti was interested in immediate financial gain and less concerned about its long-term commercial relationship with Ethiopia. END SUMMARY.

CHINA WINS TELECOM EXPANSION CONTRACT

2. (U) Minister Juneidi said Ethiopia had agreed to purchase 14,000 kilometers of fiber optic cable from a Chinese vendor, 4,000 kilometers of which have already been laid. The six-person team currently monitoring the project would soon be expanded to include additional U.S. and South East Asian managers. Hailing the project as the "next generation" of technology, the Minister asserted that it was the largest fiber optics project of its sort in Africa.

3. (U) According to Ethiopian and Chinese state-run media, Ethiopia's state-run telecommunications monopoly, the Ethiopian Telecommunication Corporation (ETC), signed a 1.39 million birr (USD 158 million) agreement on April 27 with China's Zhong Xing Telecommunications Equipment Company (ZTE) to execute three telecom service expansion projects. The project agreement includes the first phase of fiber transmission backbone; expanding mobile phone service in Addis Ababa and eight other cities by 1.2 million lines in anticipation of the Ethiopian millennium celebration in September 2007; and adding 652,000 wireless telephone lines. The project would increase the number of fixed and mobile telephone service subscribers to over 14 million (approximately 18 percent of the population).

4. (U) The state-run Ethiopian News Agency reported that the ETC-ZTE project calls for the installation of fiber optic cable via Kenya, in addition to existing cable via Sudan and Djibouti. Separately, ETC announced in February 2006 that Ethiopia and Sudan were working jointly to extend a 220-kilometer fiber optic telephone line across the Ethio-Sudanese border from Gonder to Gelabat, with the cost

of the extension being covered by the Government of Sudan.

DJIBOUTI MISSES THE BOAT

¶5. (U) According to Minister Juneidi, three years of negotiations with Djibouti to connect with the Internet via the Red Sea trunk had been non-productive. Juneidi expressed concern about stymied telecommunications talks with Djibouti. Djibouti officials were interested in immediate trade and bidding opportunities, but less concerned about their long-term commercial relationship with Ethiopia, he said. Although the Minister continued to keep his "ears and doors open" for transactions with Djibouti, he noted that over the last 18 months, agreements had already been reached with Sudan and Kenya. Observing that "everyone" (including Sudan, Djibouti, Ghana, and Tunisia) "wants to be a hub" or "offer a trunk," the Minister said he was asking potential partners to clarify what, how, and where their hubs and trunks operated.

LONG-TERM GOALS

¶6. (U) Minister Juneidi underscored Ethiopia's need to attract foreign direct investment, with a focus on fiber optics infrastructure. As ICT will require significant human capital, Ethiopian universities will need to produce scores of IT professionals and engineers over the next 5-8 years, he said. The Minister took issue with the Ambassador's suggestion that Chinese vendors lacked the capacity to take Ethiopian technology to "the next level," while highlighting the potential for other partnerships with American companies and a variety of stakeholders.

¶7. (SBU) In mid-May, Verizon representatives will visit

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Ethiopia to discuss long-term planning for security and ICT signatures.

¶8. (U) Minister Juneidi and his team have visited ICT "smart villages" in India, Egypt, and China, and hope to travel to Silicon Valley shortly. The Ministry has acquired land and completed the design for a similarly styled smart village, and will soon be ready to break ground on the project. Juneidi said that completing the ICT transformational process would require a decade, and expressed hope that latter stages of development of ICT infrastructure would attract long-term American investment. Just as Addis hosted a large diplomatic community, it also needed a community of long-term investors, he said.

THE WAY FORWARD

¶9. (U) COMMENT: Prime Minister Meles has previously indicated that Chinese partners have offered much more attractive financing arrangements for telecom projects than Western providers. (NOTE: According to press reports, the Chinese government agreed in February 2007 to loan USD500 million to Ethiopia, and to make provision for an additional USD1.5 billion in short-term trade credits. END NOTE.) It is worth noting that while the GOE continued to expand its infrastructure and fiber optic capacity, state-owned ETC has not yet marketed broadband Internet access to consumers in Addis at accessible rates. Post will intensify its engagement with the GOE on telecom issues in an effort to accelerate development and seek more opportunities for U.S. firms. END COMMENT.
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